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November 24, 2003

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

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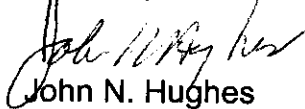
Re: Case No. 2003-00224

Dear Mr. Dorman:

Please file the attached monthly update of the District's Asset Management Program.

If there are any questions about this, please contact me.

Very truly yours,


John N. Hughes

Attorney for Northern
Kentucky Water District

Cc: Attorney General



NORTHERN KENTUCKY WATER DISTRICT ASSET MANAGEMENT PROGRAM

Progress Report
November 15, 2003

The following provides a summary of the progress and milestones for the Northern Kentucky Water District's (NKWD) Asset Management Program for the period of October 15 through November 15, 2003.

Phase 100 – Information Collection and Review. Phase 100 has been completed.

Phase 200 – Develop Water Treatment Plant Infrastructure Assessment Manager Program. Phase 200 has been completed.

Phase 300 – Evaluate Existing Facilities and Operations. Phase 300 has been completed.

Phase 400 – Develop Water Supply and Treatment Alternatives. Phase 400 is approximately 85 percent complete. Task items 401 – Develop Conceptual Strategies and Conduct Workshop, and 402 – Evaluate Recommended Strategy, have been completed. Task item 403 – Evaluate Rate Impact, is currently underway. Task item 404 – Workshop #3, has been completed (September 25, 2003).

Phase 500 – Prepare Report. Phase 500 is approximately 50 percent complete and in progress. Task item 501 – Prepare Draft Report is underway. The draft 5-Year Capital Improvement Plan is complete. Task item 502 – Prepare Final Report will not be started until NKWD review and receipt of resulting comments is completed. Submittal of the final report is anticipated approximately February 16, 2004.

Phase 600 – Provide Recommendations For Additional Studies. Phase 600 is complete.

As outlined in our initial report, a depreciation study typically consists of four stages;

1. Planning
2. Data collection
3. Analysis and synthesis and
4. Management evaluation and action

**Northern Kentucky
Water District**

As indicated in our October 15, 2003 update, the first, second and third elements are essentially complete. The final element, management evaluation, has been addressed in the workshops identified in Phase 400. The consolidation of all information on the treatment plant systems into a report which will identify and prioritize the annual reinvestment needed to keep the system whole was scheduled to be delivered in late November. Recent acquisition activities at the District have delayed the production of the final draft of the report.

The District has incorporated in the 2004 budget the funds necessary to continue the asset management activities. Additional activities will address more detailed information on the distribution system.